

(A) (1) THIS SECTION APPLIES ONLY TO POLICIES OF PERSONAL INSURANCE AND INSURANCE ISSUED UNDER THE MARYLAND PROPERTY INSURANCE AVAILABILITY ACT OR ANY SIMILAR ACT INSTITUTED TO ENSURE THE AVAILABILITY OF INSURANCE.

(2) THIS SECTION DOES NOT APPLY TO POLICIES IN EFFECT FOR 45 DAYS OR LESS, AS PROVIDED IN § 12-106 OF THIS ARTICLE.

[(c)] (B) (1) Whenever an insurer cancels or refuses to renew a policy subject to this section, the insurer must provide to the [applicant] ~~FIRST NAMED~~ INSURED a statement of the actual reason for the cancellation or refusal to renew [if the authorized premium has been tendered or paid].

[(2) Paragraph (1) of this subsection applies to the cancellation of or refusal to renew a binder that has been in effect for at least 15 days or an actual policy that has been issued.]

(2) THE COMMISSIONER MAY NOT DISALLOW A PROPOSED ACTION OF AN INSURER BECAUSE THE STATEMENT OF ACTUAL REASON CONTAINS:

(I) GRAMMATICAL, TYPOGRAPHICAL, OR OTHER ERRORS, IF THE ERRORS ARE NOT MATERIAL TO THE PROPOSED ACTION AND ARE NOT MISLEADING;

(II) SURPLUS INFORMATION, IF THE SURPLUS INFORMATION IS NOT MISLEADING; OR

(III) ERRONEOUS INFORMATION, IF IN THE ABSENCE OF THE ERRONEOUS INFORMATION THERE IS A SUFFICIENT BASIS TO SUPPORT THE PROPOSED ACTION.

[(d)] (C) A statement of actual reason is privileged and does not constitute grounds for an action against the insurer, its representatives, or another person that in good faith provides to the insurer information on which the statement is based.

[(e)] (D) (1) The reason given in the [statement of actual reason] [must] SHALL be [sufficiently] clear and specific [so that an applicant of reasonable intelligence can identify the basis for the insurer's decision without making further inquiry].

(2) The use of generalized terms such as "personal habits", "physical handicap or disability", "living conditions", "poor morals", or "violation or accident record" does not meet the requirement of this subsection.

27-605.

(A) (1) THIS SECTION APPLIES ONLY TO POLICIES OF COMMERCIAL INSURANCE.

(2) THIS SECTION DOES NOT APPLY TO:

(I) POLICIES IN EFFECT FOR 45 DAYS OR LESS, AS PROVIDED IN § 12-106 OF THIS ARTICLE; OR